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GENERAL

1. Diplomat hints at possible Soviet attitudes:

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The first secretary of the Soviet embassy in London told an American official on 25 September that there seemed to be no obstacle to the meeting proposed by the

Western powers at Lugano, provided there was some modification in the agenda suggested by the Western powers. However, he said that the Soviet government would much prefer a conference with a minimum of participants and no formal agenda, as advocated by Churchill last May.

The Soviet spokesman further said that he saw little prospect for a favorable outcome of the Korean political conference if the "two-sided aspect" is insisted upon and if India is excluded from participation. He prophesied that failure to reach a settlement would mean the indefinite division of Korea along the armistice line. He fore-saw no particular objection to Japan's participation as a counterweight to India, but emphatically stated that Moscow and Peiping would not accept the Chinese Nationalist government as a participant.

Comment: This is the first diplomatic hint of favorable Soviet reaction to the Western invitation for a four-power meeting in Lugano on 15 October to discuss free elections in Germany and an Austrian peace treaty. In previous exchanges of notes the USSR has balked at discussion of German elections as the first order of business.

The diplomat's remarks on the Korean problem are consistent with Communist demands for an enlarged, round-table conference. Like other Communist spokesmen, he avoided threats of a boycott if these demands are not met.

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SOUTHEAST ASIA

2. Taipei remains firm on removal of troops from Burma:

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[Redacted]

In a memorandum of 26 September approved by President Chiang Kai-shek and presented to the American embassy in Taipei, the Chinese Nationalist government states that its previous estimate of the number of Nationalist troops which can be evacuated from Burma "represents the maximum effort which the Chinese government can make."

Comment: The commitment approved by Taipei was for the evacuation of up to 2,000 troops. This proposal was regarded as inadequate by the American negotiators and was not transmitted to Burmese officials.

Ambassador Sebald in Rangoon reported on 26 September that any statement by Taipei offering to evacuate less than 3,000 would be of little value. Sebald confirmed the statement of Burmese leaders that their government was under increasing pressure to cease action against the local Communists and accept their offer to join a coalition government for a united effort against the Chinese Nationalists.

3. Indonesia reportedly concerned over loyalty of army unit in North Sumatra:

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The rebellion in the Atjeh area of North Sumatra, which broke out on 21 September, is expanding, [Redacted]

Indonesian

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military leaders are reportedly becoming concerned over the loyalty of government troops in that area.

Comment: Press reports have referred to the defection of one Indonesian army company. The Atjehnese revolt is largely motivated by strong Moslem sentiment and is reportedly being aided by the Darul Islam, an insurgent Moslem organization in Java. The predominantly Moslem Indonesian troops may be

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reluctant to take action against fellow Moslems and there may be some infiltration of the army units in North Sumatra by the Darul Islam.

Recent reports have also linked the Darul Islam with rebellious groups in Borneo and the Celebes.

NEAR EAST - AFRICA

4. Israeli defiance of UN authority continues:

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[redacted] Israel is currently resisting the United Nations on three issues affecting the Arabs: diversion of the upper Jordan River, occupation of the Egyptian-Israeli demilitarized zone, and obstruction of a UN investigation of Mt. Scopus in the Jerusalem area.

This Israeli get-tough policy stems largely from a pressing need for water and economic development as well as from disappointment with American policy in the Middle East. It has inflamed Arab and Israeli public opinion.

Neither the Arabs nor Israelis are likely to resort to war, but Israeli harassing activities will probably result in retaliatory Arab raids.

WESTERN EUROPE

5. Implications of the French UN delegate's 25 September speech:

(See appended Intelligence Note)

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CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE
26 September 1953

Implications of the French UN Delegate's
25 September Speech

The French Foreign Ministry announcement that Maurice Schumann's 25 September speech to the UN General Assembly represents no departure in French policy is borne out by fuller excerpts from the speech itself. In context, the items played up by the press are not startling in the light of earlier French requests for discussion of the Indochina question at the Korean political conference; and there is no intimation that France is not going to implement the Navarre plan in Indochina.

Schumann's remark probably should be considered more in relation to the internal French political scene than to international problems. If Laniel and Bidault are sincere in their protestations to American officials that ratification of the EDC treaty is to be pushed this year, Schumann's speech could be an attempt to gain the broadest possible public and parliamentary support in France. The hint of additional guarantees against German militarism and the appeal for an over-all settlement with the USSR, coupled with a strong defense of European integration tend to bear out this interpretation, though possibly pointing to further delay in the government's efforts to obtain EDC ratification. Frenchmen can be expected to respond to an appeal to end the Indochina war, control German resurgence, relax the cold war, and above all, to applaud any move reasserting French claims to leadership on the continent. The timing could be an effort to counterbalance parliamentary preoccupation with the economic issues facing the National Assembly when it convenes on 6 October.

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On the international level, France may be trying to reestablish confidence in its leadership in Europe by the suggestion that it is considering its own version of the Churchill and Adenauer proposals for a Locarno type solution to the German problem. In view of Chancellor Adenauer's electoral victory and Germany's growing prominence on the continent, the French may feel impelled to take the diplomatic initiative. A bold diplomatic step could also serve as a basis for bargaining with France's allies.

Schumann's speech could serve a double purpose in regard to the Orbit. It challenges Moscow to demonstrate Soviet sincerity on European negotiations and makes a similar challenge to both Moscow and Peiping on Far Eastern questions. The speech could also be a move to capitalize diplomatically on the Navarre plan now rather than run the risk of having to negotiate from a greatly weakened position if the plan fails. In particular, France may be hoping that the Communists see a parallel to the Korean situation in the present status of American aid to Indochina.

In Indochina, however, any hint that the French might negotiate a settlement of the Indochina war tends to raise the fear among supporters of the Bac Dai government that they will be sold out and increases the difficulty that government faces in attracting popular support. Schumann's specific reference to the governments of the Associated States, their link with France and recognition by other powers will nevertheless serve to minimize these adverse reactions.

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